INSPECTION REPORT

Partial XXX Complete ___ Exploration ___
Inspection Date: 01/22/2003 / Time: 8:40 to 11:30 AM
Date of Last Inspection: 12/04/2002

Mine Name: Bear Canyon Mine County: Emery Permit Number: **C/015/025**
Permittee and/or Operator's Name: Co-Op Mining Company
Business Address: P.O. Box 1245, Huntington, Utah 84528
Company Official(s): Mr. Mark Reynolds, Engineer
State Official(s): Peter Hess Federal Official(s) None
Weather Conditions: High clouds; temperature range from 25 to 50 degrees Fahrenheit
Type of Mining Activity: Underground XXX Surface ___ Prep Plant ___ Other ___
Existing Acreage: Permitted 3336.18 Disturbed 37.17 Regraded ___ Seeded ___
Status: Active XXX

REVIEW OF PERMIT, PERFORMANCE STANDARDS & PERMIT CONDITION REQUIREMENTS

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
   a. For complete inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check N/A.
   b. For partial inspections check only the elements evaluated.
2. Document any noncompliance situation by referencing the NOV issued at the appropriate performance standard listed below.
3. Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
4. Provide a brief status report for all pending enforcement actions, permit conditions, Division Orders, and amendments.

		EVALUATED	N/A	COMMENTS	NOV/ENF
1.	PERMITS, CHANGE, TRANSFER, RENEWAL, SALE	[X]	[ ]	[X]	[ ]
2.	SIGNS AND MARKERS	[X]	[ ]	[ ]	[ ]
3.	TOPSOIL	[X]	[ ]	[X]	[ ]
4.	HYDROLOGIC BALANCE:				
a.	DIVERSIONS	[X]	[ ]	[X]	[X]
b.	SEDIMENT PONDS AND IMPOUNDMENTS	[X]	[ ]	[X]	[ ]
c.	OTHER SEDIMENT CONTROL MEASURES	[X]	[ ]	[X]	[X]
d.	WATER MONITORING	[X]	[ ]	[X]	[ ]
e.	EFFLUENT LIMITATIONS	[ ]	[ ]	[ ]	[ ]
5.	EXPLOSIVES	[ ]	[ ]	[ ]	[ ]
6.	DISPOSAL OF EXCESS SPOIL/FILLS/BENCHES	[ ]	[ ]	[ ]	[ ]
7.	COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS	[ ]	[ ]	[ ]	[ ]
8.	NONCOAL WASTE	[X]	[ ]	[ ]	[ ]
9.	PROTECTION OF FISH, WILDLIFE AND RELATED ENVIRONMENTAL ISSUES	[ ]	[ ]	[ ]	[ ]
10.	SLIDES AND OTHER DAMAGE	[ ]	[X]	[ ]	[ ]
11.	CONTEMPORANEOUS RECLAMATION	[X]	[ ]	[X]	[ ]
12.	BACKFILLING AND GRADING	[ ]	[ ]	[ ]	[ ]
13.	REVEGETATION	[X]	[ ]	[ ]	[ ]
14.	SUBSIDENCE CONTROL	[ ]	[ ]	[ ]	[ ]
15.	CESSATION OF OPERATIONS	[ ]	[ ]	[ ]	[ ]
16.	ROADS:				
a.	CONSTRUCTION/MAINTENANCE/SURFACING	[X]	[ ]	[ ]	[ ]
b.	DRAINAGE CONTROLS	[X]	[ ]	[ ]	[ ]
17.	OTHER TRANSPORTATION FACILITIES	[ ]	[ ]	[ ]	[ ]
18.	SUPPORT FACILITIES/UTILITY INSTALLATIONS	[ ]	[ ]	[ ]	[ ]
19.	AVS CHECK (4th Quarter- April, May, June)	[ ]	[ ]	[ ]	[ ]
20.	AIR QUALITY PERMIT	[ ]	[ ]	[ ]	[ ]
21.	BONDING & INSURANCE	[ ]	[ ]	[ ]	[ ]

(COMMENTS ARE NUMBERED TO CORRESPOND WITH TOPICS LISTED ABOVE)

1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE

The permittee notified the Division on January 15, 2003 that an unanticipated roof fall had occurred in the Bear Canyon #1 Mine in the Hiawatha (lower) seam (1st North area). According to Mr. Mark Reynolds, a DC shuttle car (Long Airdox Model 816) had been caved on by the accident. The cave is approximately 225 feet long and thirty feet above the Hiawatha coal seam. The permittee has no intention of recovering the buried equipment, and has dangered the entire area off to access. The area where the cave occurred has had pillars left in place in the upper seam (the Blind Canyon). These were left by the Company in order to break off the arching roof pressure during pillar retreat from the inby area. Bad roof conditions had apparently followed the retreating miner section out to the point where the pillars were left in place. It appears that the roof pressures are now forcing the pillars that were left in place through the interburden creating hazardous roof conditions in the Hiawatha seam. Mr. Reynolds anticipated that secondary mining would cease in approximately two months in the lower mine.

The permittee was instructed to submit an amendment to the mining and reclamation plan reporting the information necessary such that a finding can be made relative to any potential affect on ground water in the area. According to Mr. Charles Reynolds, P.E., the Hiawatha seam is the mine water source for dust and fire suppression purposes, and could be a culinary source if same is collected at the roof line of the Hiawatha seam. Thus, it is possible for ground water to intercept battery electrolyte from the buried car. The submittal of that amendment is pending.

3. TOPSOIL

The permittee provided new surface facilities and surface drainage maps for inspection purposes this day. A review of the new maps revealed the following, which the permittee should address some time in the near future:

1) SURFACE FACILITIES, PLATE 2-4B, depicts a topsoil pile NW of the shower house. According to Mr. Reynolds, that pile has been moved to the storage pile at the Wild Horse Ridge addition, as depicted on SURFACE FACILITIES, PLATE 2-4F.

2) SURFACE FACILITIES, PLATE 2-4E depicts the belt portal, fan portal, fan housing, and water tank associated with the Bear Canyon #2 (Tank seam) Mine. As observed on 1/22/2003, the portal area has been reclaimed. Erosion control matting was being installed on the backfilled area. According to Mr. Reynolds, the reclamation of the Tank seam access road will be initiated after mining is completed in the #1 Mine, and mining is initiated in the #3 Mine. An updated, or "as-built", map of the completed reclamation activities should be submitted upon completion of those reclamation activities.

4A. HYDROLOGIC BALANCE: DIVERSIONS

The drainage controls that have been in place for many years located along the access road to the Bear Canyon #1 and #2 Mines (Tank seam) were evaluated during today's field inspection. The following problems were noted:

1) The inlet to the thirty-inch culvert designated as **C-1U** was obstructed with numerous large boulders. Small flows would not meet resistance, but a large flow reporting to the inlet would see resistance, and could force the boulders to the inlet blocking it entirely. This would eventually backup and fail, causing a large volume of water to flow, uncontrolled down the access road. This culvert collects disturbed as well as undisturbed runoff and reports it to the lower canyon.

2) The culverts designated as C-18U, C-19U and C-20U consist of eighteen-inch rigid corrugated metal pipes coupled to eighteen inch black poly flexible pipe. The black poly flex pipe had separated from the culverts designated as C-18U and C-20U, allowing flow to discharge at the head of BTCA area "S". As would be expected, there was no erosion protection where the flows discharged between the separated pipes.

3) The permittee installed an eight inch steel pipe under the access at the Hiawatha seam intake portal many years ago. This diversion is designated as **C-2U.** As observed this day, approximately fifty percent of the cross sectional area of the eight inch pipe was blocked with material. The material appeared to be ice melt. Both the inlet and the outlet of the pipe were observed to be the same, relative to the amount of blockage.

The four problem areas were considered adequate justification to issue a notice of violation, N03-46-2-2, 2 of 2.

Other culverts that were inspected appeared to be capable of functioning as designed.

4B. HYDROLOGIC BALANCE: SEDIMENT PONDS AND IMPOUNDMENTS

Ponds "B" and "C" were observed this day; both were frozen. Pond "B" is in the midst of being cleaned, with that activity stopped until the ground thaws.

4C. HYDROLOGIC BALANCE: OTHER SEDIMENT CONTROL MEASURES

The permittee recently found it necessary to enhance the safety berms along many of the access roads at the site. This involved increasing the height of those berms by adding earth material. Precipitation reporting to the inslope of the berm would report to the sediment ponds. Precipitation reporting to the outslope of those berms would report to Bear Creek untreated. Based on the large amount of acreage on the outslope of the road berms which was exposed and having no sediment control in place, the permittee was cited (N03-46-2-2, 1 of 2, Part 1) for "failure to minimize to the extent possible additional contributions of sediment to stream flow or to runoff outside of the permit area", R645-301-742.111 and 742.211. It should be noted here that the permittee has had previous experience with treating the outslopes of access roads in order to be in compliance. Numerous BTCA areas have been implemented along the outslopes of access roads in order to treat rainfall and minimize erosion.

The field inspection of the overland conveyor corridor that has been constructed to convey coal from the Bear Canyon #3 Mine (Wild Horse Ridge addition) to the Main Tipple area was found to be lacking in adequate sediment controls. Plate 7-1F, Hydrology Map, depicts several permitted BTCA areas, particularly. The field inspection conducted this day of the #3 Mine conveyor corridor revealed that the silt fence which is depicted on PLATE 7-1F, HYDROLOGY MAP, has been removed for some reason. No sediment control has existed in the down gradient area designated as BTCA area "X" since the fence was removed. This untreated runoff reporting to Bear Creek was additional justification for issuance of N03-46-2-2, 1 of 2, Part 2 for "failure to minimize to the extent possible additional contributions of sediment to stream flow or to runoff outside of the permit area", R645-301-742.111 and 742.211.

4D. HYDROLOGIC BALANCE: WATER MONITORING

A report from the Division hydrologist reviewing the third quarter 2002 water monitoring requirements for the Bear Canyon site was received in the PFO on 1/22/2003 and revealed the following:

1) Monitoring sites SBC-4, SBC-5, SBC-14, and SBC-17 were sampled in August, rather than in September as called for in the MRP. This is the same quarter (3rd); therefore, an issue probably does not exist.

2) "No Access" was reported at wells SDH-2, SDH-3, MW-114, and MW-115 throughout the summer. These wells are normally accessible from the surface. According to Mr. Reynolds, some equipment has been removed from the monitoring wells that have not been able to be replaced. It has taken the permittee approximately six months to locate the proper fittings such that the monitoring wells can be returned to function ability.

3) Two required parameters were not reported for monitoring site DH-1A; dissolved manganese and total manganese. Calcium was not reported for monitoring site BC-1.

Based on the examination of the June 13, 2002 inspection report, the permittee was cautioned that a reporting of "inaccessible" or "no access" is unacceptable unless adequate justification could be provided by the permittee to show that at least two attempts were made to sample the respective site. It appears at this point that the permittee may be using "no access" in too broad of a definition.

The permittee is being notified via this inspection report that the Division has implemented a more strict policy relative to the acceptance of "No Access" as meeting the terms and conditions of surface and ground water monitoring regimes. **If no access is reported for a site for a quarter, then the permittee must be able to provide documentation that is adequate to confirm that it was not possible to get to that site when the attempt was made.** "No Access" should not be reported for a site unless the travel route to a site is barred by deep snow, hazardous road conditions or some other reason relative to the access route. **It is necessary for a permittee to make at least two attempts during a water monitoring quarter with verification that the attempts were made to avoid a compliance situation.** Division reclamation specialists have been instructed to issue hindrance violations for the reporting of "no access" without what is to be determined by the inspector as inadequate justification. What method the permittee utilizes to provide this adequate justification was discussed and determined to be up to the permittee.

Well maintained field notes including date, time, weather conditions, site location, and other pertinent information should be available for inspection purposes, as well as possibly a photograph that incorporates the date of the exposure. Other methods of documentation may be developed, but it is hoped that each permittee will develop an adequate expertise prior to a reporting of no access such that all compliance situations relative to the surface and ground water monitoring regimes can be avoided.

11. CONTEMPORANEOUS RECLAMATION

As noted above, the permittee has completed the backfilling and grading of the Tank seam portal area, (Bear Canyon #2 Mine). As observed this day, erosion control matting was being installed to minimize erosion and enhance revegetation of the area.

Inspector's Signature: /S/ Date: January 29, 2003
Peter Hess #46

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas & Mining.

cc: James Fulton, OSM
Wendell Owen, Co-Op Mining
Price Field office
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